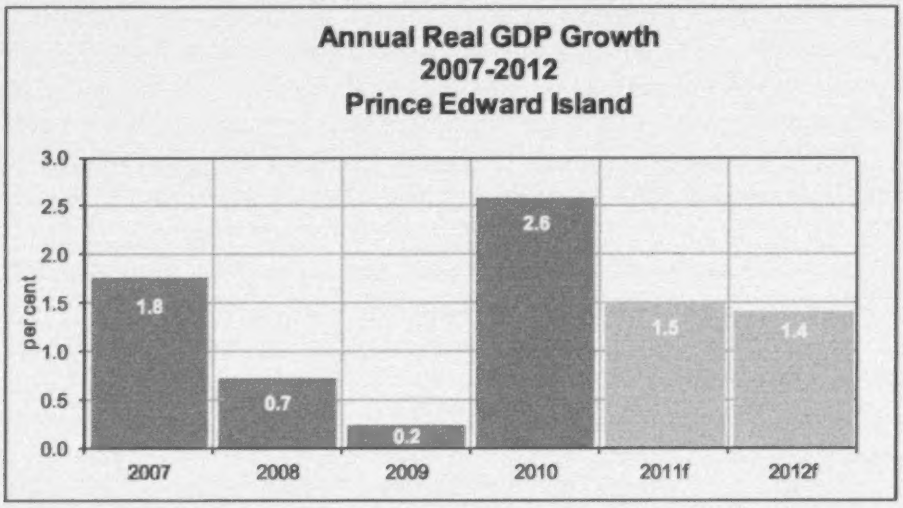
Prince Edward Island

Budget Paper
Background Notes on the Economy

April 2012

Gross Domestic Product

- Following growth of 2.6 per cent in 2010, the Conference Board of Canada forecasts GDP growth of 1.5 per cent for 2011 and 1.4 per cent for 2012 for Prince Edward Island.

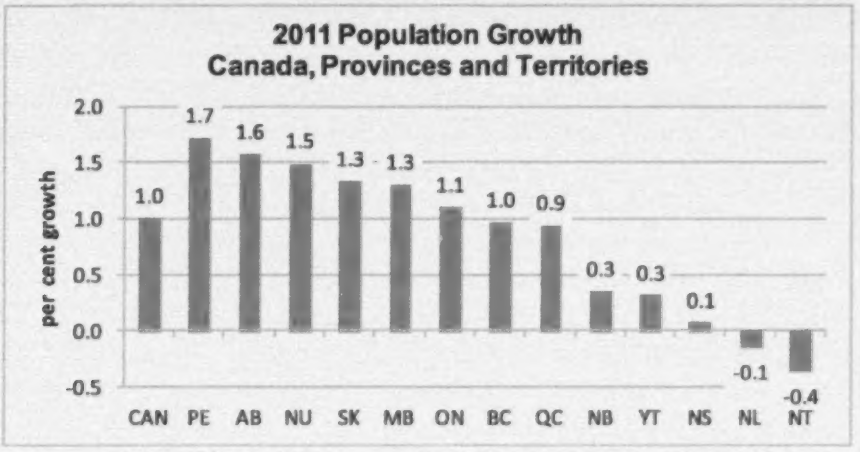


Sources: Statistics Canada, Conference Board of Canada

f: Conference Board of Canada forecast

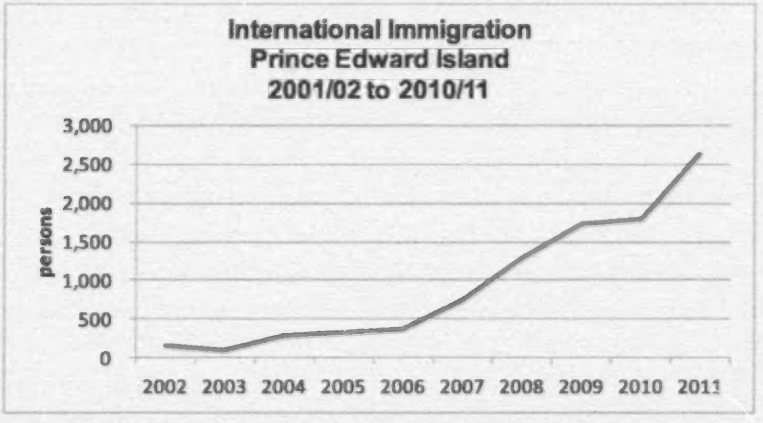
- Goods producing industries are forecast to grow by 1.2 per cent in 2012, while service producing industries are expected to rise by 1.4 per cent.
- Strong agricultural commodity prices are expected to help the agriculture sector rebound in 2012, with growth of 2.3 per cent.
- Manufacturing is forecast to increase by 2.3 per cent, due to improving business confidence in the United States.
- Reduced public infrastructure spending will result in a decline of 4.0 per cent for the construction industry in 2012.
- Total employment is forecast to rise by 1.5 per cent in 2012, supported by the anticipated 300 jobs from Mphasis. Employment is expected to reach 73,000 which will bring the unemployment rate down to 10.6 per cent.
- Personal Income is projected increase by 3.5 per cent in 2012.
- Retail Sales are expected to remain strong in 2012, with growth of 5.1 per cent.

2011 Population Growth



Source: Statistics Canada, Demography Division, Annual population estimates

- Prince Edward Island's population was estimated to be 148,855 at 1 July 2011.
- Prince Edward Island's 1.7 per cent growth rate in 2011 was the highest in the country.
- The national growth rate was 1.0 per cent.
- PEI continued to see record gains in international immigration in 2011 with 2,631 immigrants arriving.
- With a rate of 18.2 per thousand, the province posted the highest immigration rate in the country.
- Births totalled 1,489 in 2011, while 1,275 deaths occurred, resulting in natural growth (births minus deaths) of 214.
- Population growth on PEI occurred in Queens County, which grew by 3.3 per cent. The population of Kings County declined by 0.6 per cent and Prince County's population declined by 0.2 per cent.
- PEI saw a net loss of 543 people through inter-provincial migration in 2011, with more people leaving the Island for other parts of the country than arriving.

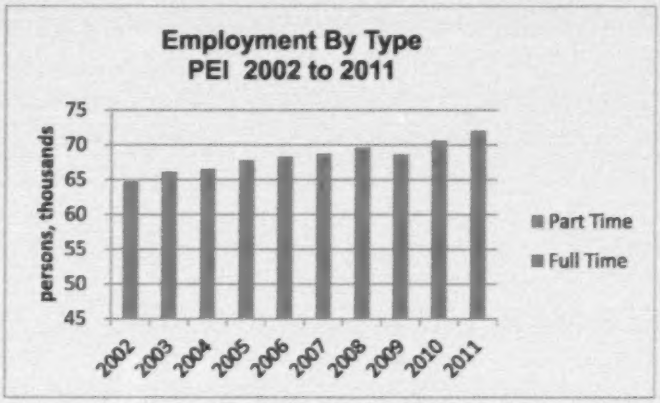


Source: Statistics Canada, Demography Division, Annual population estimates

2011 Employment and Labour Income

Employment

- Employment in PEI grew by 2.0 per cent in 2011 over 2010, the third highest employment growth rate in the country.
- Employment increased by 1,400 jobs to reach an all time high annual average of 72,000 jobs.
- Full time employment increased by 2,400 jobs.
- The annual unemployment rate for Prince Edward Island rose by 0.1 percentage points to 11.3 per cent in 2011.

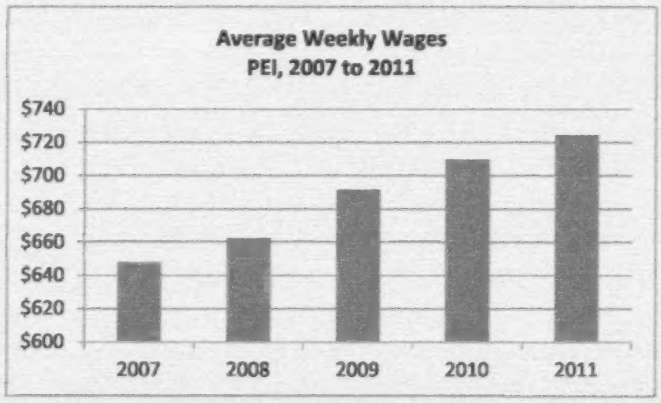


Source: Statistics Canada, CANSIM Table 282-0002, Labour Force Survey Estimates

- The number of unemployed persons increased by 300, or 3.4 per cent, to average 9,200.
- International immigration contributed to the rise in the total labour force of 1,700 people or 2.1 per cent.
- The participation rate for P.E.I. stood at 68.1 per cent in 2011, up from an average of 67.9 in 2010.
- According to the Survey of Employment, Payrolls and Hours (SEPH), employment in the wage sector has increased 0.6 per cent over 2010.

Labour Income

- A stronger labour market and higher wages resulted in total labour income increasing by 4.1 per cent over 2010 to total $2.8 billion.
- Total labour income increased broadly in all sectors except Professional and Personal Services, which saw a decline of 0.9 per cent.
- The average weekly wage on PEI increased by 2.1 per cent, rising from $709.59 in 2010 to $724.28 in 2011.
- The average weekly wage in the goods producing sector expanded by 4.5 per cent, while the service producing sector increased by 1.7 per cent.
- Minimum wage rates increased to $9.30/hr in June, $9.60/hr in October of 2011. Rate increased to $10.00/hr on April 1, 2012.

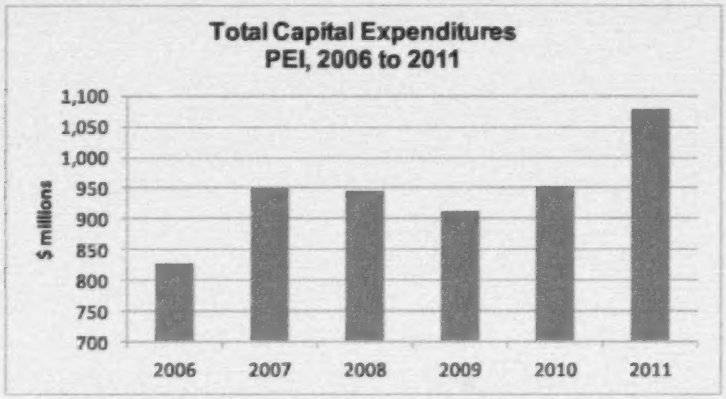


Source: Statistics Canada, CANSIM 281-0028 Average weekly earnings (SEPH)

2011 Construction and Housing

Capital Expenditures

- Stimulus spending continued to drive the construction sector in 2011.
- Total investment in constructions and machinery increased 13.3 per cent.
- The value of non-residential investment in PEI increased 58.4 per cent in 2011 over 2010.
- Industrial investment was up 61.2 per ent, commercial investment was up 44.2 per cent and government and institutional investment was up 75.7 per cent in 2011.

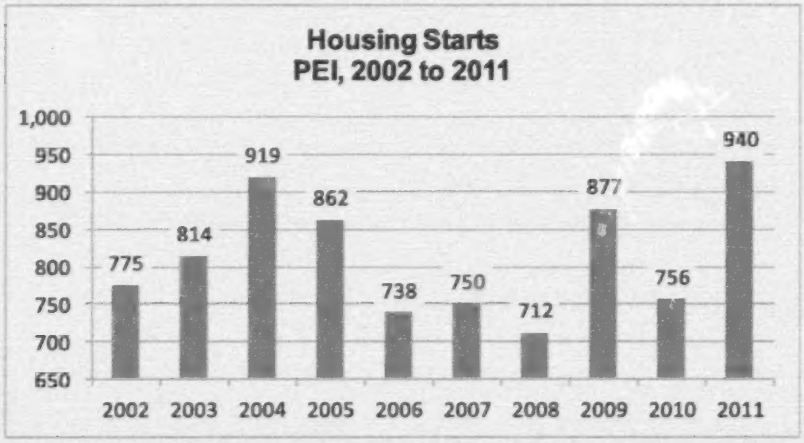


Source: Statistics Canada, CANSIM 029-0005, Capital and Repair Expenditures, by sector and province

- National growth in non-residential construction has increased 3.8 per cent in 2011.
- Total residential investment in PEI has increased by 3.0 per cent in 2011.
- The majority of the increase occurred in singles, up by 4.5 per cent, and in renovations, up by 2.4 per cent.
- National residential investment was up by 3.6 per cent in 2011.

Housing Starts

- The number of total housing starts was up by 24.3 per cent, increasing from 756 in 2010 to 940 in 2011.
- 2011 saw the highest number of housing starts since 1988.
- The increase was due in large part to a 62.7 per cent increase in apartment starts.

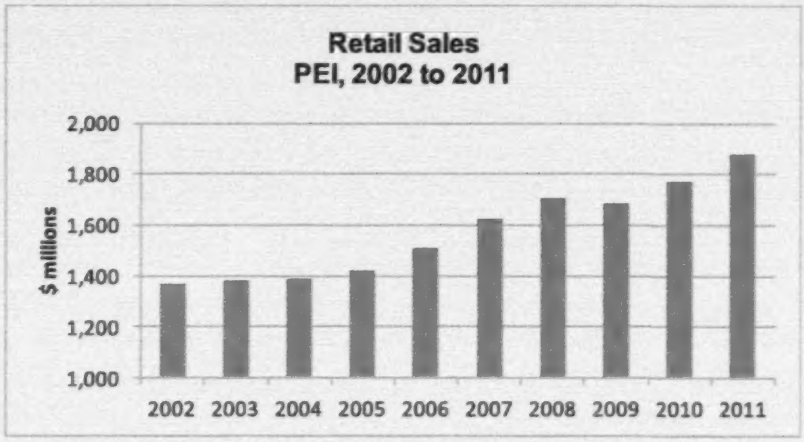


Source: Statistics Canada, CANSIM 027-0008, Canada Mortgage and Housing Corporation, housing starts, under construction and completions, all areas

2011 Retail and New Motor Vehicle Sales

Retail Sales

- Total value of retail sales increased by 6.3 per cent from $1,769 million in 2010 to $1,882 million in 2011.
- PEI's growth in retail sales was the third highest of the provinces, behind only Saskatchewan, 8.4 per cent, and Alberta, 7.0 per cent.
- Increase was due in part to the price of gasoline, shown in a 24.6 per cent increase in sales at gasoline stations.

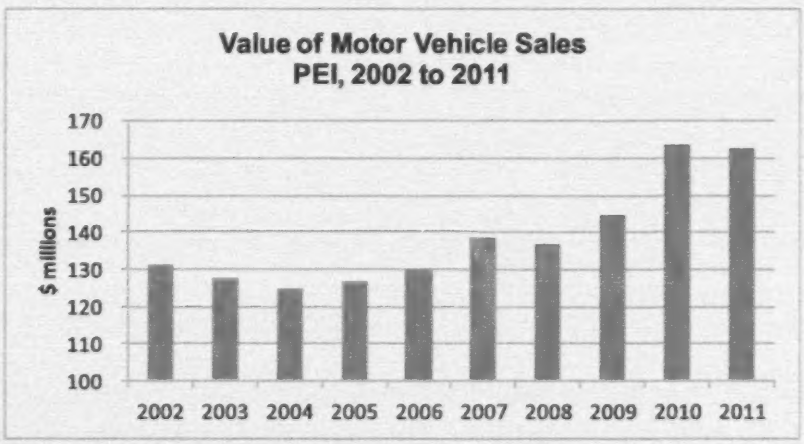


Source: Statistics Canada, CANSIM 080-0020, Retail Trade, sales by North American Industry Classification System (NAICS)

- Sales at home centers and hardware stores also saw a large increase, rising by 10.0 per cent.
- Declines occurred in sporting goods, hobby, music and bookstores, down by 2.1 per cent, and miscellaneous store retailers, down by 0.9 per cent.
- PEI retail sales percentage growth was slightly larger than other provinces in the region, with Newfoundland increasing by 5.1 per cent, Nova Scotia by 3.4 per cent and New Brunswick by 4.9 per cent.
- Nationally, retail sales increased by 3.6 per cent in 2011.

New Motor Vehicle Sales

- After strong gains in 2010 in both value and number of units sold, motor vehicle sales were little changed in 2011.
- The number of motor vehicles sold increased by 0.2 per cent while the value of motor vehicle sales fell 0.7 per cent to $162.4 million.
- Nationally, the value of motor vehicle sales increased by 3.5 per cent in 2011.

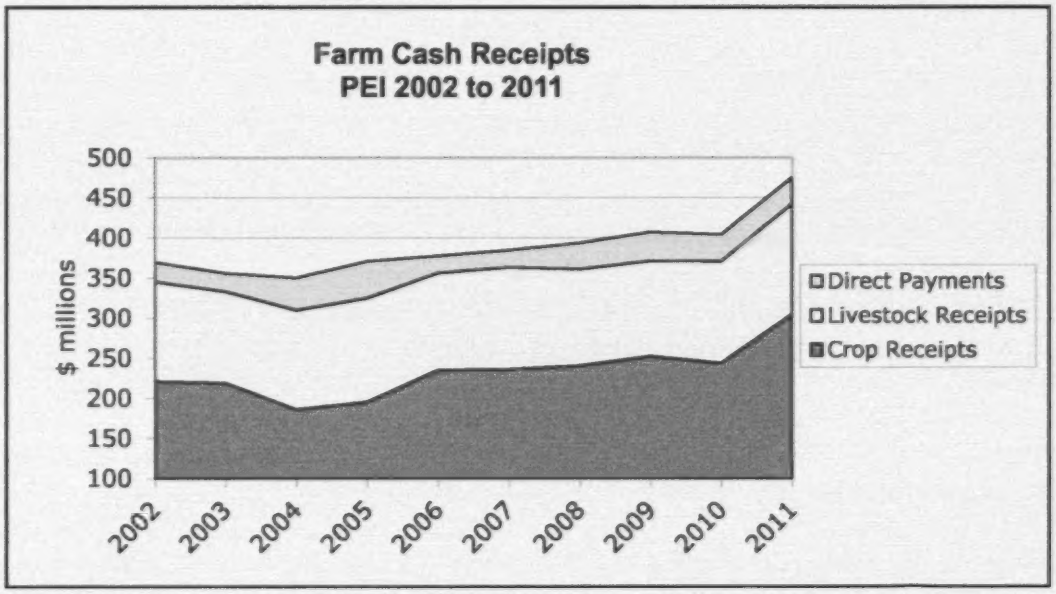


Source: Statistics Canada, CANSIM 079-0003, New motor vehicle sales, Canada, provinces and territories

2011 Primary Industries

Farming

- Farm cash receipts reached a new all-time high of $474.5 million in 2011. This represents an increase of 17.5 per cent over 2010.
- Improved prices helped potato receipts to also reach an all time high, increasing from $199.9 million in 2010 to $252.0 million in 2011, or 26.0 per cent.
- Receipts for all crops totalled $304.0 million, an increase of 24.8 per cent from 2010.
- Livestock receipts totalled $137.6 million, an 8.6 per cent increase compared to 2010.
- Much of the increase in livestock receipts was largely due to fur receipts which increased from $3.6 million in 2010 to $9.3 million in 2011.
- Cattle receipts declined by 3.2 per cent, falling to $21.8 million from $22.5 million in 2010.
- Hog receipts increased slightly in 2011 with an increase of 0.1 per cent to total $14.7 million.
- Receipts for dairy products valued $74.0 million in 2011, an increase of 3.8 per cent over 2010.
- Nationally, farm cash receipts for 2011 totalled $49.4 billion, up $5.0 billion or 11.2 per cent from 2010.



Source: Statistics Canada, CANSIM Table 002-0001, Farm Cash Receipts, annual

Fishing

- Lobster landings in 2011 were 20.7 million pounds, down 13.0 per cent from 2010.
- The value of the catch remained on par with that in 2010 at $71.4 million, due to an increase in the price.

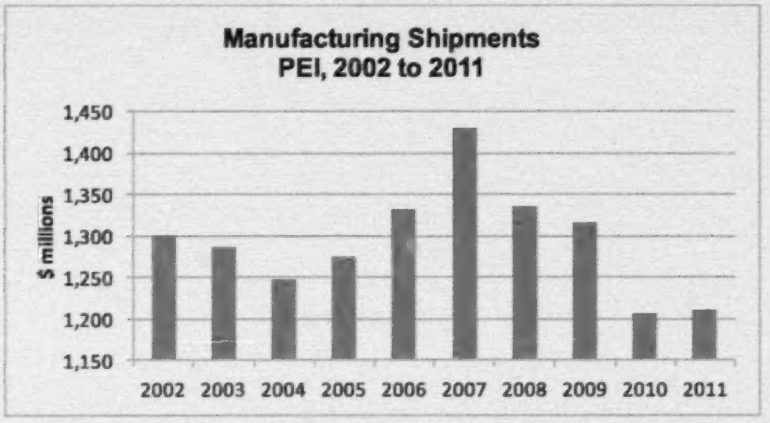
2011 Tourism

- Annual bridge traffic increased 2.4 per cent. However bridge traffic during the peak tourist season saw a decline of 4.9 per cent.
- Ferry traffic saw an increase in 2011 with total vehicles rising by 1.0 per cent and total passengers rising by 3.0 per cent.
- The number of cruise ship passengers visiting PEI fell by 1.7 per cent in 2011 as the total number of cruise ships fell from 46 in 2010 to 41 in 2011.
- Total number of air passengers to PEI also fell in 2011, declining by 1.5 per cent to reach 285,158.
- Total overnight stays declined by 1.8 per cent in 2011, as inclement weather dampened the core tourist season.
- Total visitations also declined, falling from 1,308,812 in 2010 to 1,220,999 in 2011, a drop of 6.7 per cent.
- Total tourism revenues dipped by 3.2 per cent, from $380.0 million in 2010 to $367.9 million in 2011.

2011 Manufacturing and Exports

Manufacturing

- The effects of the global economic slowdown and the high Canadian dollar have negatively impacted Island manufacturing and exports.
- Following three straight years of decline, the value of manufacturing shipments from PEI increased slightly in 2011, growing by 0.2 per cent.
- Food shipments, which account for approximately 60 per cent of total shipments, advanced by 7.5 per cent.

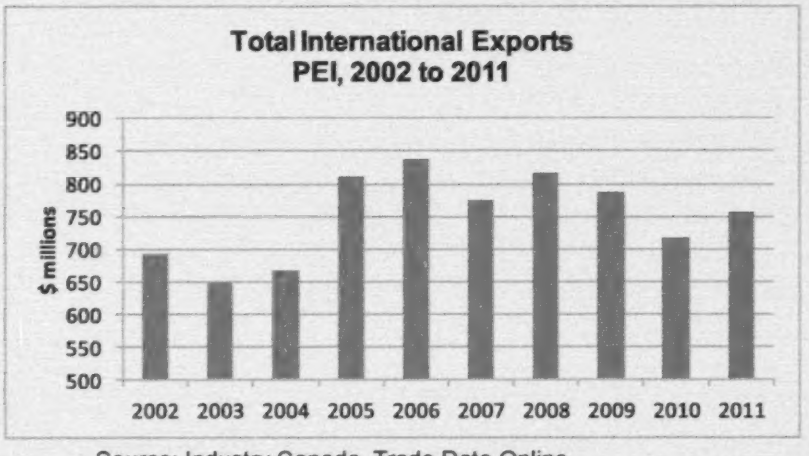


Source: Statistics Canada, CANSIM 304-0015, Manufacturing sales, by North American Industry Classification System (NAICS) and province

- Shipments of fish products grew from $125.0 million in 2010 to $144.8 million in 2011, an increase of 15.9 per cent.
- Chemical manufacturing was also up, increasing by 3.6 per cent. Declines were seen in Printing and Publishing, down 1.8 per cent, and in Wood Industries, which was down 28.0 per cent.
- Excluding food shipments, manufacturing shipments were down 8.5 per cent in 2011.

International Exports

- Following 2 years of decline, international exports from PEI increased 5.5 per cent in 2011 over 2010 to total $754.5 million.
- The increase can be attributed to a 65.8 per cent increase in potato exports and a 43.4 per cent increase in Aerospace Products and Parts.
- Frozen Food Manufacturing and Seafood Product Preparation saw declines of 7.3 per cent and 11.7 per cent respectively.



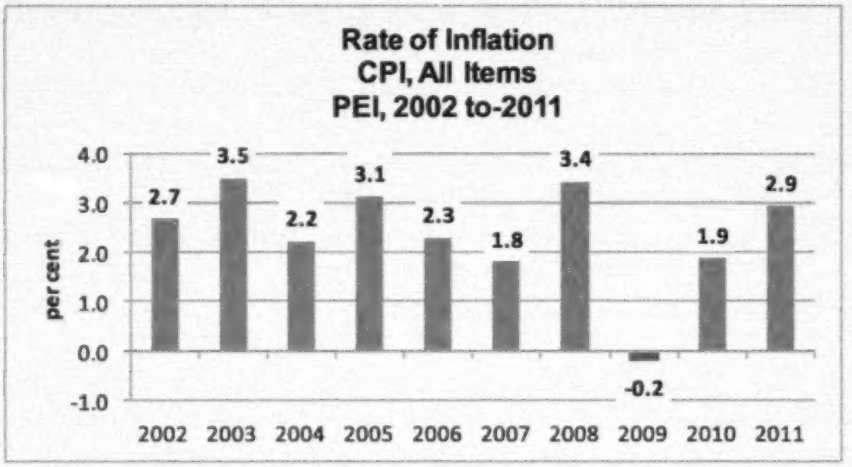
Source: Industry Canada, Trade Data Online, www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home

- Pharmaceutical and Medicine exports also declined, falling by 11.6 per cent.

2011 Consumer Prices

Consumer Price Index

- The all items consumer price index for PEI increased by 2.9 per cent in 2011.
- Food prices increased 4.4 per cent
- The price for shelter increased 2.4 per cent.
- Energy prices increased by 12.3 per cent in 2011.
- Core inflation (all items minus food and energy) increased by 0.7 per cent.

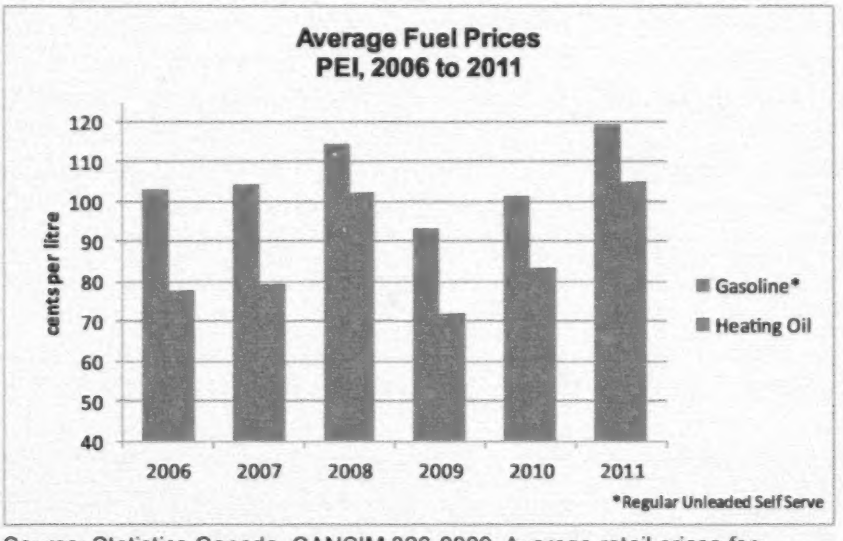


Source: Statistics Canada, CANSIM 326-0021, Consumer Price Index (CPI), 2009 basket

- The all items consumer price index for Canada increased by 2.9 per cent in 2011.

Other Prices

- According to the Farm Product Price Index (FPPI), prices received by farmers have increased. Crop prices on PEI increased by 7.6 per cent in 2011 and prices for livestock and animal products increased by 9.2 per cent.
- The average price of regular unleaded gasoline at self service stations increased from 101.2 cents per litre in 2010 to average 119.2 cents per litre in 2011, an increase of 17.8 per cent.
- Home heating oil increased by 26.1 per cent from 83.2 cents per litre in 2010 to 104.9 cents per litre in 2011.



Source: Statistics Canada, CANSIM 326-0009, Average retail prices for gasoline and fuel oil, by urban centre.